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ABSTRACT

School finance reform--traditionally based exclusively on school districts' access to funding--has been made difficult by fiscal retrenchment on one hand and the educational excellence movement on the other. Stating that school districts must consider the use as well as the availability of funds, this paper proposes a new definition of equity that encompasses both equality and excellence: "equal educational outcomes." After reviewing school finance research and litigation since 1954, the effects of recent retrenchment, and the educational excellence movement, the paper discusses means of linking excellence and equity and presents the New York City Board of Education's strategy for doing so: first, establishing a decision-making process that proceeds from general areas of agreement to specific programs; and second, opening communication between schools and outside organizations. Four actions reflecting this dual strategy are reported: (1) an attendance improvement program designed to reduce student attrition; (2) the city school chancellor's opposition to the intital state Regents' Action Plan; (3) a "mentoring program" in which adult volunteers work individually with high school students; and (4) a work experience program offering placement for both high and low achievers. (MCG)

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EDUCATIONAL FINANCE AND EDUCATIONAL EXCELLENCE: A PROGRAMMATIC APPROACH TO SCHOOL FINANCE REFORM

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Introduction

Efforts in the last two decades to reform the financing of public schools have focused on three definitions of equity: the first attempts to equalize school districts' capacity to raise revenue; the second attempts to equalize actual dollars spent among school districts, and the third attempts to distribute dollars according to input measures of need such as poverty. The implementation of these kinds of equity -- while difficult -- has been successful in some states in lessening the discrepancy in wealth and expenditure levels among school districts.

Traditional school finance reform proved to be more difficult in the 1970's as public dollars became more scarce and competing interests sought to capture the few dollars available. Retrenchment has been a fact of life for several years, as all levels of government seek to curb expenditures and reduce deficits. And while a number of states, including New York, are increasing their fiscal support this year, it is clear that governments have altered their spending behavior for the foreseeable future.

Another major development in the 1970's was the growth of school effectiveness literature. While there is a considerable range and diversity of programs, the common goal is educational

improvement. The need for both fiscal retrenchment and school effectiveness has generated issues which school finance reformers must address. It is essential that school districts become as concerned with how they distribute their dollars as with the total number of dollars they have available. This recognition leads us to suggest that a new direction must be taken to achieve school finance reform -- one that incorporates a fourth definition of equity -- equal educational outcomes. A new direction began in New York City this year as school officials attempted to establish linkages between school finance analysts and more effective schooling experts in order to encourage educational excellence without sacrificing equal educational opportunity. To understand the direction in which the New York City school system has been going, we first must look at where school finance has been.

Traditional School Finance

The 1954 Supreme Court decision in Brown v. The Board of Education gave momentum to a nascent civil rights movement when it held that separate but equal educational facilities were inherently discriminatory.[1] An important contribution of social scientists active in civil rights and concerned with educational equality was to develop methods to measure equity. One of the most widely known studies of unequal distribution of taxation and spending for public schools was written by civil rights lawyers -- Coons, Clune and Sugarman. It was their

publication, Private Wealth and Public Education, together with Arthur Wise's Rich Schools: Poor Schools that documented the extensive inequalities of school finance and laid the parameters of school finance strategy. Both Wise and Coons grounded their arguments in the Fourteenth Amendment's equal protection clause and in sections of state constitutions.[2] In addition, Coons formulated the principle of fiscal neutrality: "The quality of public education may not be a function of wealth, other than the total wealth of the state."[3] Thus, early on, equity was defined in terms of an equal ability to raise revenue. The notion of a fourth definition of equity based on equal educational outcomes was rejected.

The court cases that followed often disagreed on the issue of equal protection under the Fourteenth Amendment. In McInnis v. Shapiro (1970), an Illinois federal district court ruled that the law provided no equal protection requirement for equal spending, refuting the plaintiff's demand that resources be distributed in accordance with educational need. And while the initial California Supreme Court decision in Serrano v. Priest upheld the equal protection clause, another case -- Rodriguez v. San Antonio --rejected the federal constitutional argument at the United States Supreme Court level. This case would have affected the entire Texas school finance structure. The Supreme Court ruled that education was not a fundamental interest and that tax and spending disparities were a result of

preserving local control and were, therefore, not unconstitutional.[4]

Fiscal Retrenchment

The goal of educational equity is far easier to promote during a period of economic growth. When the economy contracts, the demand for equity must compete with other demands for scarce dollars.

Constraints on public spending grew dramatically in the 1970's. Several of the older industrial cities in the Northeast and Midwest -- particularly New York, Detroit and Cleveland -- all experienced severe fiscal crises. States and entire regions suffered serious economic losses as the country slid into "stagflation." Moreover, the cutbacks in spending were clearly moving to the federal level.

Fiscal retrenchment increases political conflict. In the sphere of education, conflicts for scarce dollars emerge between local school districts and municipalities and between taxpayers and education supporters.[5] This creates concern about the most productive use of available dollars. Both municipalities and state governments have increased their monitoring of tax levy dollars and are emphasizing low cost programs aimed at educational improvement.

Excellence

With the recent release of several reports on educational excellence, the cry for quality education has become a dominant

public and political theme. Allan Odden, Director of The Education Finance Center of the Education Commission for the States, has described several reasons for this development[6].

1. Educational improvement has become linked to key domestic issues: jobs and economic growth.
2. Many states' fiscal condition has improved.
3. The knowledge base about educational reform has increased.
4. Public attitudes toward investing in education have shifted; the public is now willing to support education provided monies are used to increase educational achievement.

It is clear why excellence has become an important theme, but it is not at all clear how school finance reform will respond to the call for excellence.

The school effectiveness literature has found that individual schools do make a difference. A number of states have initiated guidelines or major strategies to improve student achievement in the schools. Unfortunately, a concern for excellence in education is in many ways antithetical to questions of equity, and detracts from the equity thrust in school finance reform.[7] The original Regents Action Plan to Improve Elementary and Secondary Education Results in New York State, proposed and debated last fall, is a case in point. This plan advocated a commitment to school improvement and more rigorous standards without attention to the issue of student

access to quality programs. The plan called for imposing stiff new high school graduate requirements, for example, but did not consider the kinds of support systems needed for students to meet these requirements. With the unacceptably high dropout rates in New York State and City, the need for these supports is clear. Moreover, the Plan neglected any mention of the kinds of fiscal incentives necessary for successful implementation of equitable programs.

Providing supports like academic tutoring, individualized remediation, and ongoing guidance is only the first step in building equitable standards, however. There is also a need for new programs, and for more flexibility in existing programs, so that students can pursue individual interests, identify and address their individual needs and prepare for the world of work. Defining excellence as exclusively academic is a subtle form of inequity in the Regents' Plan -- but the denial of Regents diplomas[8] to vocational and arts students, for example, is clearly a denial of access. And it does not really serve the need for improved schooling, since there are many kinds of excellence society needs. The cry for excellence is all too often focused on narrow, traditional and exclusively academic criteria.

Initiatives for educational excellence primarily come from a coalition of business people, educators and parents of different income groups. This would appear to give it a broad base of support. Initiatives for equity, although seeming to

draw upon a narrower constituency, cross political, racial and economic lines. These constituencies often see their priorities as being at odds (See Typology I). This tends to exacerbate the political conflicts already created by fiscal constraints.

TYPOLOGY I.
DIFFERENCES BETWEEN EQUITY AND EXCELLENCE APPROACHES

TOPIC	SCHOOL FINANCE APPROACH	SCHOOL EFFECTIVENESS
Question asked	How can we distribute dollars equitably?	How are dollars being used?
Primary emphasis	Educational Equity	Educational achievement
Level	State/District	School/Student
Who initiates	Educators, parents politicians and taxpayers	Business people, parents, politicians educators, taxpayers minorities and low-income groups

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Forging the Links Between Excellence and Equity

The response of scholars in school finance reform must be to forge linkages between school finance experts and more effective schooling experts. Thus far, the tendency has been to look at school effectiveness and school finance as separate and distinct points of departure. Linking the two approaches leads to strategies like the following:

1. Utilizing analyses of effective practices in classrooms and schools and recognizing how policies at

each higher level of the system finance, support, and maintain these local effective practices;

2. Broadening allocation questions to include education at the micro level, i.e., to study the organization and management of classrooms, the use of instructional time, the effect of teaching strategies and the allocation of personnel within the school;
3. Basing the design and costing out of programs and services on effective schools research.[9]

It is insufficient, however, for school finance scholars to merely be cognizant of the effective schools literature or vice versa; rather, real linkages must occur if equity and excellence are to have the same priority. In New York City's school system this year, there was a serious effort to make this link. Strategies for equity went hand-in-hand with excellence and the assumption was that one could not succeed without the other.

Chancellor Anthony J. Alvarado of the New York City Board of Education called upon the State Legislature to include the concept of equity in its discussions of excellence. In a speech before the New York State Finance and Assembly Ways and Means Committees in March, 1984, he defined the link:

> "There is no doubt that the achievement of excellence in education is a noble aspiration. It would mean the end of mediocrity, the end of a system that is willing to make do instead of make better. It would mean children striving to achieve rather than simply hoping to pass. A vision of excellence brings with it the rebirth of

> expectations and a renewed wonder in learning and teaching. But there are no easy routes to the achievement of that vision. In this country, where over 25% of the student population are dropouts, in this State where 34% of the population are dropouts, and in New York City where approximately 45% are dropouts, to ignore these students while looking for educational excellence is ludicrous. Any solution that ignores the needs of all the students will only serve to undermine real achievement. On our agenda for achievement, excellence and equity are inseparable."[10]

In the legislative season that followed, state and local officials made serious efforts to agree about the kind of legislation necessary to facilitate this goal, merging excellence and equity.

Two strategies were designed by school officials to achieve these goals. The first was to establish a policy-driven system that could shape programs, resource allocations and operations; the second was to promote channels of communication between schools and outside organizations to support the program policies of the school system.

A policy-driven system was defined as one in which the policy-makers have a clear and common understanding of their educational goals, develop a process for meeting objectives and create specific programs to achieve those goals. The advantage of a policy-driven system is that it leads to increased coordination among the various sections of the bureaucracy. At the New York City Board of Education, the linking of program development with policy resulted in new programs more directly related to the goals of excellence and equity while the linking of financing issues with policy resulted in seeking new funding

for priority programs and in drafting legislation closely tied to program goals.[11]

The strategy of developing channels of communication between schools and the outside world worked several ways. Schools used outside resources to aid in program development and implementation. The school system used outside resources to secure political and financial support for its programs. At the same time, students obtained valuable work experience, career awareness and job skills training outside the school building.

In New York City, both of these strategies were used to link equity and excellence. Several programs and policies reflect this link. The following cases demonstrate the way in which the Board of Education approached programs and policy. The point is not simply that programs reflect the emphasis on equity and excellence policies that were developed; rather, that the policy analysis process was grounded in the assumption that both could be achieved.

1. ATTENDANCE IMPROVEMENT PROGRAM

Early agreement was reached that the focus of the New York State legislature ought to be on "at risk" students for FY'85. Broad outlines of this focus were defined. The new legislative initiative would concentrate on attendance, since absenteeism is the most significant school-related predictor of students who eventually drop out.[12] Local school districts would be

required to have an attendance improvement program. Guidelines would be flexible, allowing school systems to design programs to meet their individual needs.

Initial debate surrounded the type of funding that would best serve this flexibility yet meet the need to improve attendance. Funding could be provided as part of the general operating aid, or funds could be targeted through categorical aid. The pros and cons of both approaches were discussed. The largest drawback to general operating aid was the difficulty dependent school systems have in obtaining these funds from their governing municipalities. Not all money that is allocated by the state for basic operating aid is passed on to these school districts. Cities often use a portion of this aid to meet other municipal expenditures.

In order to be certain that the funds were used for the purpose specified in the legislation, the decision was made to fund the Attendance Improvement Program through categorical aid. This is unusual since categorical aid has usually been a federal initiative to insure equity. States and local school districts, including New York City, have historically favored general aid to education.

The State legislature and local school officials have developed the Attendance Improvement Program to fund efforts to improve attendance. Targeted school districts have sufficient flexibility to develop the program as they see fit. For the first time, community-based organizations which work with

non-attending children can apply directly for funds. The State Education Department will review plans submitted by the participating local school districts, monitor implementation of the plan, and evaluate the results. Over $26 million in state dollars will be distributed this fall in the Attendance Improvement Program.

2. THE REGENTS ACTION PLAN.

Statewide efforts, led by Chancellor Alvarado, continued through the fall and early winter to oppose the proposed Regents Action Plan described earlier. A position paper on the Action Plan was developed, outlining the shortcomings in the original plan. Considerable attention was given to the cost of developing and implementing new programs that would improve equal access and educational excellence. Inequities in existing state aid formulas, to New York City and other school districts with large populations of students with special needs, were identified in the Chancellor's response to the Regents' Action Plan.

In regional conferences throughout the state, parents, educators and advocacy groups voiced similar concerns for linking equity to high standards. The need for flexibility, for student support systems, and for sufficient fiscal backing were noted over and over, as means of providing access for all students to high quality programs.

What began as conflict became a dialogue, as the Board of Regents and State Education Department realized that local

concerns were consistent. In February, a revised Action Plan was distributed, and in March it was formally adopted. This new plan answered many of the local concerns. It provides greater flexibility in high school graduation requirements, curriculum and testing; it emphasizes both student and teacher support systems, including a legislative proposal for dropout prevention; it also pays more attention to populations with special needs.

3. MENTORING PROGRAM[13]

A new mentoring program was created by Chancellor Alvarado to provide support services for high school students by establishing meaningful, one-to-one relationships with adults. The program involves adults from private industry, community-based organizations, and colleges and universities in its development and implementation.

The program can be used to establish role models for students or to provide them with academic help and career exploration and awareness. Moreover, the program is expected to have a positive effect on holding students in school and in increasing the probability that more students will achieve at a higher level. Eight pilot demonstration projects involve two hundred students from nine city high schools. These students represent a wide range of student achievement.

The costs of this program were minimal to the school system. Mentors volunteer for the program; costs of recruitment, screening and training of mentors are picked up by

outside organizations. In addition, the program is tied into the Attendance Improvement Program legislation -- successful mentoring projects can apply for these funds.

4. WORK EXPERIENCE[14]

Another major Alvarado initiative is a work experience program for high school students. This program provides highly structured, subsidized jobs at work sites in the private or public sector. Its goal is to permit a wide range of students, including low achievers, to have work experience that would enchance personal development, increase career awareness and offer job skills training. An existing work experience program in the school system placed only a small group of high achievers, rewarding those who were already successful. The newly developed work experience program expands upon this, providing access to all kinds of students. The merging of excellence and equity were clearly articulated.

The most successful aspect of the work experience program was the involvement of private industry, governmental agencies and community organizations. These groups helped to define goals, set up placements and supervise students. In addition, an instructional component was included in the program which taught students a variety of skills to increase their employment potential. This instruction included career planning, work awareness, and decision-making.

Funding for the Work Experience Program was largely obtained from foundations and other private sources; employers

agreed to pay all or part of the salaries. Although expensive because of the subsidies involved, this program opened up the working world to students who had little opportunity to be exposed to this type of training.

SUMMARY

The school finance reform movement has been concerned with equalizing inputs into the education system so that the quality of education will no longer be a function of property wealth alone. The school effectiveness literature has emphasized academic achievement, almost exclusively, through output measures. Attention to the longer term implications of equity without excellence or vice versa has been negligible. To focus the policy process on inputs and outputs narrows the scope of inquiry; to look at the educational outcomes, i.e., the way inputs and outputs are altered by the social and economic structure, broadens the scope of education policy and encourages insights from such other disciplines as sociology, political science, economics, etc.

In a sense, a concern for excellence in education is often perceived as antithetical to questions of equity; consequently, attention to excellence often detracts from the equity thrust of school finance reform. But the quest for excellence with equity is made for pragmatic reasons as well as on moral grounds. Emphasizing educational excellence with little or no attention to equity -- a trend that is currently prevalent in

many states -- leads to the same sorts of failures that public school systems have faced for decades: success in educating the few, not the many. The costs to those discriminated against are obvious: little personal esteem, lack of mobility, inadequate skills, and lives often restricted to menial jobs at best. But there is a tendency to ignore the high societal costs of discrimination in education, involving billions of dollars in lost productivity, unemployment, welfare benefits and other real expenses of social and economic dependency, to say nothing of the costs of crime and vandalism for which students who fail or drop out are disproportionately responsible.

The development of equity requires both programmatic support and financial support. Two strategies were designed in New York City to promote such support, one was to create a policy driven system and the second was to develop greater access to business and other outside agencies. These strategies were used in promoting policies and programs that had as their goals greater equity and a higher standard of excellence. It is not enough for state aid to school districts to be based solely upon the results of achievement tests, dropout rates, or other "hard" data; the policy process must include fiscal incentives to school districts to provide programs and support services which encourage the educational achievement of all students. Without adequate and equitable funding, proposals for reform are meaningless, and the public's rising expectations for quality will go unmet.

FOOTNOTES

1 James W. Guthrie, ed. Schcol Finance Policies and Practices (Cambridge: Ballinger, 1980) p. 4.

2 Ibid., p. 7.

3 Ibid., p. 8.

4 Ibid., p. 18.

5 A. Harry Passow, "Urban Education for the 1980's: Trends, Issues, Phi Delta Kappan, April, 1980, p. 5.

6 Allan Odden, "Financing Educational Excellence," Phi Delta Kappan, January, 1984, p. 311.

7 The best example of a comprehensive program of excellence is the proposed school reforms sought in California. The goal of the program is to improve student performance. The objectives to achieve these goals are to increase SAT scores, to increase the number of students taking more advanced courses and to reduce the dropout rate. Schools would receive fiscal incentives for achieving these objectives. Emphasis would be on performance, not process. To control for the effects of different socio-economic levels in the student population, schools would be divided into five levels and would compete for improvement within each level.

The unstated consequences of these proposed reforms are far-reaching. There is little discussion of teacher development in any of the California plans; the focus is on student performance. The problems for urban schools in upgrading teachers are well documented. Any attempt to improve the schools must include a major teacher training component. An unintended consequence of the California plan could be to encourage schools to transfer "high risk" students, whether high risk because of poor achievement or frequent absenteeism. Schools that wish to improve test scores or dropout rates can push students to transfer so that their statistics "improve." The emphasis on achievement has serious limitations and ignores questions of equity.

8 The Board of Regents is New York State's governing body of education, roughly analogous to a local board of education. It sets statewide policy and standards on educational matters, including high school graduation

requirements. These requirements call for two distinct diplomas: a Regents diploma and a local diploma. To receive the former, a student must meet much stiffer course requirements as well as pass Regents examinations for required courses. New York City has adapted this system. It grants a single diploma, requiring the same basic courses of all students and awarding "Regents endorsement" to those students who pass the Regents examinations.

9 Allan Odden and L. Dean Webb, "Introduction: The Linkages between School Finance and School Improvement," in Allan Odden and L. Dean Webb, ed., School Finance and School Improvement in the 1980's (Cambridge: Ballinger, 1983), p. xviii.

10 Chancellor Anthony J. Alvarado. Testimony before the New York State Assembly Ways and Means Committee, Albany, New York, January 31, 1984.

11 Terry L. Baker, Report of the Office of the Senior Assistant for Program Policy, New York City Board of Education, March, 1984.

12 Chancellor Anthony J. Alvarado. Testimony before the New York State Assembly Education Committee, Albany, New York, March 9, 1984.

13 Taraja Samuel. Report on the Mentoring Program, Office of the Chancellor's Initiatives, New York City Board of Education, March, 1984.

14 Robyn Govan-Kleckly, Report on the Work Experience Program, Office of the Chancellor's Initiatives, New York City Board of Education, March, 1984.

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POSTSCRIPT

The Planning and Policy Analysis Unit at the New York City Board of Education was established under a New York State Incentive Grant in FY' 83-84. The Unit, under the supervision of the Senior Assistant to the Chancellor for Program Policy, Dr. Terry Baker, joined with the Office of Chancellor's Initiatives and the Office of Interagency Relations to develop programmatic and fiscal policies and to help develop the New York City Board of Education's legislative package. These are a group of people who have worked as a team and who have, therefore, contributed to this paper. We would like to thank Dr. Terry Baker, Diane Harrington, Susanna Doyle, and Andrew Lachman from these offices as well as Dr. Joan Scheuer, from the Board of Education's Office of Budget Operations and Review and Dr. Mary Frase Williams.